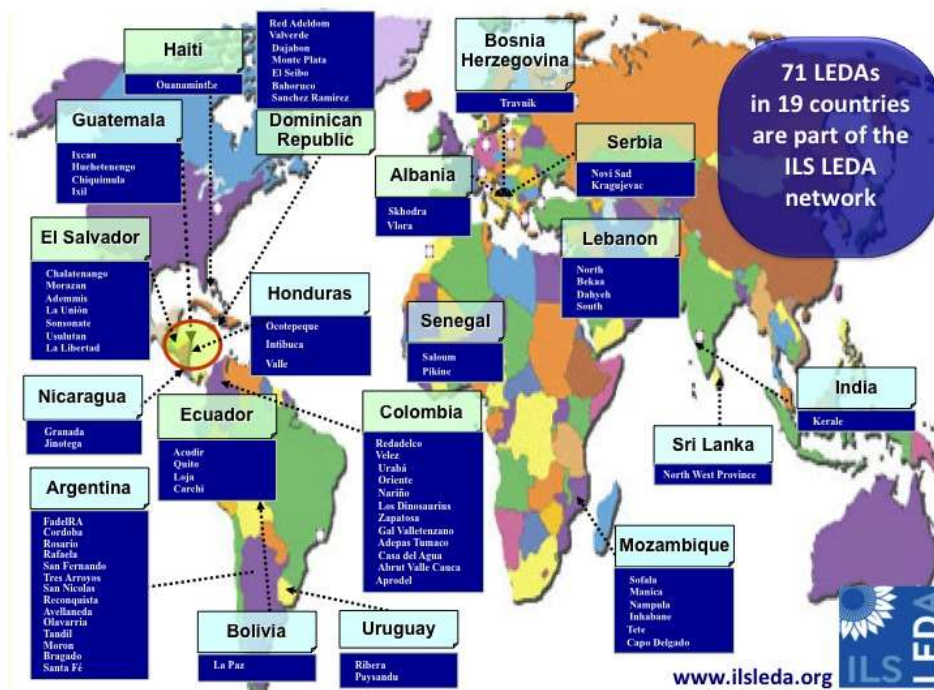


## GOOD PRACTICES OF THE LOCAL ECONOMIC DEVELOPMENT AGENCIES FOR A BETTER WORLD: A CONTRIBUTION TO EXPO 2015

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### Background: Local Economic Development Agencies

Since the beginning of the '90s ILS LEDA (the Institute for International Links and Services for Local Economic Development Agencies)<sup>1</sup> has been supporting local and national institutions in many countries to establish structures aimed at boosting their economies: the Local Economic Development Agencies (LEDAs). Currently there are 71 LEDAs operating in the following countries: Albania (2), Argentina (13), Bolivia (1), Bosnia Herzegovina (1), Colombia (11), Dominican Republic (7), Ecuador (3), El Salvador (6), Guatemala (3), Haiti (1), Honduras (3), India (1), Lebanon (4), Mozambique (6), Nicaragua (2), Serbia (2), Senegal (2), Sri Lanka (1), Uruguay (2).



The first LEDA was established in 1991 in Nicaragua. In fact, the first generation of LEDAs in the countries of Central America, Mozambique, Bosnia-Herzegovina, and Serbia were established just after the signature of the peace agreements because such a structure was

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<sup>1</sup> For learning more [www.ilsleda.org](http://www.ilsleda.org)

considered the best instrument for facilitating peaceful dialogue among the various parts of the population, both because of its governance mechanism (public-private, inclusive, not-elitist), and because of its objectives (socio-economic rehabilitation and development, social inclusion, job creation).

The example and the success of the first generation of LEDAs led to their replication in many other countries and contexts, the most recent one being the LEDA of Ouanaminthe in Haiti, established in 2016 to address critical problems such migration and the impact of a natural catastrophe. The Organization for Economic Co-operation and Development ratified the definition of LEDAs as given by ILS LEDA: “the Local Economic Development Agencies are legal, non profit structures, generally owned by the public and private entities of the territory, which act as a mechanism through which local actors plan and activate, in a shared way, initiatives for territorial economic development; identify the most convenient instruments for their realization; and enhance a coherent system for their technical and financial support” (Clar et al., 2010) (ILS LEDA, 2014).

Although the LEDA concept was drawn originally from Europe, the ILS LEDA experience has a significant difference (Canzanelli, 2012) due to the specific contexts in which they were created - mainly developing countries and marginalized rural areas - as well as different institutional, organizational, and operational design assets. Each of these LEDAs follows a unique strategic, organizational and operational pattern; nevertheless they have some specific features in common, such as:

1. They are owned by public, private and social local actors, according to a special Private Public Partnership (PPP) model: a multi-stakeholders public private partnership (Canzanelli, 2013);
2. They work in accordance to an holistic model aimed at human development<sup>2</sup>;
3. They provide a multi-level systemic support to local economic development, by creating a favourable environment for small and medium-sized enterprises (SMME), realizing strategic projects, supporting businesses directly and through their value chains, and realizing various initiatives useful to a sustainable and long term development;
4. Their main customers are the local people, principally the most disadvantaged ones, like micro and small entrepreneurs, farmers, unemployed persons, jobless young people and women. It implies a specific management form since the customers do not have resources to pay for services;
5. They are self-sustainable, i.e. they do not live off of public subsidies, nor thanks to the exclusive support by a public administration. Their sustainability is possible thanks to a diversified source of finance, including membership, income from credit management, project financing, special community and solidarity services, contracts with territorial, national, and international organizations.

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<sup>2</sup> The majority of these LEDAs were started up in the framework of United Nations human development programs, and then they maintained this target.

The above-mentioned LEDAs are associated in the ILS LEDA international network, which facilitates exchange of knowledge and practices and networking for common projects and actions. ILSLEDA organises capacity building, provides technical support, and the IQUAL quality label, awarding those LEDAs performing according to human development standards. Today the social capital of all the LEDAs promoted by ILS LEDA embraces, globally, around 1500 institutions that represent the Agencies' members. The 71 LEDAs provide services to about 60 million inhabitants.



*Opening day of the International Meeting of the LEDAs in the KIP Pavilion at Expo*

According to the data provided by the ILS LEDA IQUAL<sup>3</sup> Program and the last survey: “LEDAs: from poverty to jobs”, based on a sample of 17 LEDAs, the average annual job support per LEDA (creation and/or maintenance) was of 135 jobs, the number of enterprises supported was 315 per annum, and the funds channelled through projects amounted to about 1,500,000 USD in an average period of 3 years. The LEDAs are also reference structures for national government either for executing national programs and initiatives or for supporting the elaboration of regulatory frameworks and/or public policy for local economic development. The impact is measured in terms of national executions and regulations established.

<sup>3</sup> The ILS LEDA IQUAL Program provides a label for the LEDAs that achieve good performance for human development (see [http://www.ilsleda.org/usr\\_files/documents/igual\\_presentation-nov\\_2011\\_859291.pdf](http://www.ilsleda.org/usr_files/documents/igual_presentation-nov_2011_859291.pdf))

## The LEDAs' practices at EXPO

The LEDAs participated in the KIP Pavilion activities at EXPO Milan 2015, particularly introducing, sharing, and disseminating 101 “best practices for a better world”, which were systematised in a special booklet (Ils Leda, 2015). These practices regard topics such as governance (18 practices), food (30), environment (20), social inclusion and job creation (10), gender (7), finance (9), and innovative technologies (7), articulated as it follows. The following table 1 synthetises all these practises according to the typology.

**Table 1: 101 good practices presented by the LEDAs at EXPO 2015, KIP Pavilion**

30			Urban Agricult.							
29			Little environ. impact							
28										
27										
26			Innovative Manufacturing and control							
25										
24										
23										
22			Typical food							
21										
20										
19				Alternative Energy						
18										
17										
16	Partnership with national Government			Waste management						
15										
14										
13			Quality Food Value chains							
12										
11				Protection Cultural heritage						
10	Territorial Cohesion and Partnerships				Social Responsibility					
9					Social Enterprises					
8										
7					Support to Diaspora			Guarantee Fund		Innovation Programs
6			Organic Food							Incubators
5				Environment and water Protection	Jobs for young people	Creation of services for women		Own Institutions		Innovation Laboratories
4	Territorial Strategies and plans									
3			Eco-Tourims		Inclusion Disadvantaged People	Support to female enetrprises		Local Institutions		Innovation Centers
2										
1										
	Governance	Healthy Food	Environment	Social Inclusion	Gender	Finance	Innovation			

## The best practices

Eight remarkable practices of 7 LEDAs were awarded in a ceremony on the 23th of September. A brief summary of the afore-mentioned practises follows:

1. *Alma Mons (Serbia): a special Guarantee Fund linked to the LEDA, for favouring easy and sustainable access to credit*

International experience has shown that a Guarantee Fund (GF) is an effective instrument for fighting poverty and exclusion. It helps people have access to loans from which they are generally excluded by the ordinary banking system (because of lack of collateral or banking records). It, in fact, guarantees the credit in the case of default, eliminating or abating the need for collateral, and this is mainly the case of disadvantaged people, informal or micro and small



entrepreneurs and women. A GF is a revolving fund, and it ensures its continuity over a very long term.

The Alma Mons GF is a fund deposited in a local financial institution, which is used for guaranteeing loans to targeted entrepreneurs. The Leda provides technical assistance to the borrowers for the best investment management, and monitors the correct loan return flow. Moreover, the LEDA helps the Financial Institution in the loan recuperation.

The effectiveness of the loans to disadvantaged people and weak entrepreneurs is linked to the comprehensive services Alma Mons supplies: technical advice for the business plan, credit applications, technical and commercial follow up after-credit, training.

*2. Auleda (Albania): a special miniaturised and mobile process for processing agricultural products directly at the farms*

Technology in miniature refers to mobile factories that go close to the farmers and process agricultural products and livestock in fresh and natural conditions.

Today, technology in miniature constitutes an important trend across the European Union, because it is not a very expensive technology, and allows for flexible product processing in small capacities. It is a service that is offered to farmers in the workplace, reduces transportation and storage costs, increases quality of the product processed, and gives real profit to the farmer and not to third parties.

This technology in miniature was provided in the framework of the IPATECH project, whose idea was to develop a network for integrated trans-regional cooperation between knowledge and technology providers, innovation intermediaries and SMEs in the agro-food sector, and thus facilitate industrial and commercial exploitation of research results. These moving factories address a wide range of products to transform fruit to fresh fruit juices, jellies and marmalades, olive oil and olive paste from olives, cheese and other dairy by-products from milk, and meat at its by-products from livestock. More than 250 local farmers were informed about this new technology in miniature, and 15 farmers benefited from its utilization. This project also helped the local farmers to create an association, and to work together, sharing costs and benefits.

*3. Auleda (Albania): the first social enterprise, which included women affected by mental health problems*

Among its objectives, Auleda includes the creation of social enterprises to reach a high social impact, to improve income generation for people who have difficulty in obtaining employment, and also to have a positive environmental impact.

In 2014, Auleda implemented a project in two rural areas, respectively in Novosele and Hor-Vranisht, for increasing women's involvement in economic activities and their contribution to enhancing local resources. In Novosele a social enterprise created various products from the olive tree, and the one in Hor-Vranisht produces handmade crafts traditionally made by women.



*Mirela Koçi, Executive Director of AULEDA (Albania), during the Meeting of the LEDAs at Expo*

Women of Novosele were ready to start processing olives into olive pâté, and olive soap, thanks to Vlora's long tradition in producing soap. Women in Hor-Vranisht, who have a long heritage of producing traditional textile products, enthusiastically awakened this tradition, updating their models and using modern techniques of painting with natural dyes, introducing groups of girls in high and elementary schools to this local tradition, creating connections to the tourism industry and local manufacturers, and creating a brand.

Auleda has supported the creation of these social enterprises including women affected by mental health disorders through providing technical assistance and capacity building, financial assistance through the Auleda Guarantee Fund, and exposing the women to some of the best practices of Italy and Greece.

#### *4. Casa del Agua (Colombia): promotion of indigenous and peasant artisan women*

In the territory of the municipalities of the northeast mountain of the department of Cauca, 82% of the population belongs to indigenous communities, mainly ethnic Nasa and Misak (18% are Mestiz). These communities traditionally assigned to women the preservation of culture, traditions and ways of life; yet today many of their customs are at risk of disappearing, not only because of interaction with other cultures, but also due to the effect of the armed conflict in the territory.

The LEDA helped improve the traditional handicrafts' design with new symbols based on communities' indigenous worldview and techniques of self-production (product standardization, natural techniques of dyeing, product development, production costing, quality control and marketing).

Local groups “Filigranas”, “Kumbiaxca”, “Sekdxi”, “De Manos Silvianas” and “Waka’t Kiwe Nasa” and a second-level organization that embraces all of them, called “Enredarte con Identidad” were created. The latter is mainly in charge of marketing these products. Since 2009 when the process began, 331 Nasa, Misak and Mestizas women from five municipalities have participated; the most important result has been - besides the women's economic empowerment - their personal, social and community empowerment. From 2012 to date there has been an increase in sales of 272%, which represents an improvement in quality of life for these women and their families.

Many specific goals were achieved such as: higher product quality, promoting product innovation, opening to new markets, linking women artisans with producers of sheep for wool supply. Finally, a purchases fund managed by the “Red Enredarte con Identidad” was created.



*Diana Patricia Borrero, Director of the Adel Brut Nova (Colombia), in the Meeting of the LEDAs*

*5. Agencia de Desarrollo Economico de Cordoba (ADEC), Cordoba (Argentina): stimulation and support to innovative businesses of students from universities and technical institutes*

The Metropolitan Area of Cordoba is characterized as a "university city", as it has six public and private universities and educational institutions with more than 200,000 students from around the world.

The activities carried out were: a) Raising awareness on issues related to entrepreneurship and innovation of students from universities and technical institutes; b) Establishment of a micro-

financing fund for development of innovation projects from universities or technical schools in partnership with the productive sector, technical assistance, training and equipment purchases; c) Selection of projects to be financed partly with resources from the fund.

The micro-financing fund (50% not reimbursable) is a result of the partnership between the productive sector, the Municipality of Córdoba, the Government of the Province of Córdoba, the Federal Investment Council (IFC), the Multilateral Investment Fund of the Inter-American Development Bank (IDB MIF), and the Chamber of Commerce.

The program has actively involved five major universities, eleven tertiary level institutions, 47 provincial Institutes of Secondary Education, 22 Provincial Technical Education Institutes, nine Private Institutions of Secondary Education, and three Agro-technical Provincial Education Institutes. It involved more than 1,500 young people and teachers, thanks to the gradual linking of ADEC with them.

188 projects for four calls, of which 133 were approved, were submitted. More than 130 Córdoba institutions implemented innovative solutions, more than 1,500 young postgraduate students were involved in the dissemination of the program, more than 350 took part in the design of the submitted projects.

The projects also covered a diverse universe of partners. The first three calls included 38 companies, fourteen civil associations, ten municipalities, seven provincial government agencies, five educational institutions, three national public organizations and two chambers of commerce.

#### *6. Adel Morazán (El Salvador): financial and non-financial support to the Salvadorian community in United States*

In 2000, Adel Morazán started up AMC, a microfinance institution to support people in rural areas with little access to financing.

The first office was established in Morazán, then more offices opened in the Eastern Region, and currently there are 17 service branches in the country. Since 2011, AMC has opened branches in Honduras, the United States, Nicaragua and Guatemala most recently, and the “Holding Inversiones Confianza” was established in 2012. Through the “Holding Inversiones Confianza”, AMC administrates investment of different enterprises in El Salvador, Honduras, Nicaragua and the United States.

In particular, financial services are provided to the Salvadorian community in the United States with the aim of promoting collaborative and commercial stakeholders’ networks, such as:

- Loans for economic and business initiatives to Salvadorians resident in the United States. The loans range from 1,000 to 10,000 USD.
- Credit to Salvadorians resident in the U.S for their investment in El Salvador. The loans range from 10,000 and 80,000 USD and may be used for productive activities, house building or restoration, or land purchase.



- Money transfer to Latin America, through various remittance operators.

The Morazán Leda's activity in favour of Salvadorian migrants also facilitated an agreement with the Coordination [Committee of Salvadorians in the United States -COTSA](#) - that organizes and coordinates their interests through 20 municipal committees. COTSA built a Training Center in Morazán that provides capacity building to young people in the Department in collaboration with the Morazán LEDA.

#### 7. *Southern Lebanon: a quality label for women's traditional food cooperatives*

Traditional agrofood in South Lebanon, such as *Kish – Makdouse – Thyme mix – Jams – Concentrates – Honey*, already has a good competitive advantage because of its typicality and difference from other similar products. These differences consist mainly in the unique traditional way of processing which is the characteristic of the region and its culture: organic products, procedures and recipes. Nevertheless, without a common label, a quality certification and commercial support the cooperatives of women producing this food had very difficult access to the markets.

A packaging centre, including a quality control laboratory (QCPC), was established to provide technical support to women agro-food cooperatives. It was equipped with all the machines and tools for packaging a variety of food products. In addition, a controlled laboratory was equipped for the analysis of food samples and certification. This laboratory is formally managed by "LARI", the agriculture research study center, which is supervised by the Lebanese Ministry of Agriculture. The main services of QCPC are: laboratory analysis, quality control and certification, packaging, labeling (under a common brand name "HILLS"), and marketing. The brand name "*HILLS, your natural choice*" was established and registered officially in the ministry of Economic and Trading in Lebanon.

As the result of the QCPC, 22 women's cooperatives are working in South Lebanon, out of 120 cooperatives that have benefited from its services, and the number is expected to increase year after year. Sales are expected to increase by 50% since the beneficiaries are planning to sell their products beyond the local market.

#### 8. *Adel Zapatosa (Colombia): Plan for environmental management and income generation for a swamp zone*

The sub region where Adel Zapatosa operates is made up of nine municipalities of the Cesar Department and one municipality from Magdalena Department. The centrepiece of the sub region is the largest continental swamp in Colombia, "La Zapatosa". This ecosystem is shared by both Departments (Cesar and Magdalena), and between eight and nine thousand fishermen are concentrated there.

ADEL Zapatosa has promoted the creation of thematic working groups in the Zapatosa swamp, which led to the institution of an integrated Cesar and Magdalena joint public-private commission. This commission adopted the Environmental Management Plan (EMP) for both departments. The plan includes a project to restock the fish community with native species from Zapatosa Swamp, aimed at promoting the fisheries and aquaculture sector. The EMP works holistically throughout the fish value chain from sowing of fingerlings up to processing

and marketing, allowing the building of comprehensive action guidelines for peasant associations, fishermen and farmers.

As a structural axis of community work, the LEDA promotes the training of self-managed groups on savings and credit (SAGs), which are founded on savings initiatives and involve the more marginalized population in the sub-region.

Since 2008, more than 500 people were involved in 28 productive units engaged in aquaculture; a second-level organization responsible for the marketing of fish and fish products was established; an enterprise for processing and marketing meat products was created and 22 self-managed savings and credit groups were formed to provide loans to the poorest and most vulnerable population who are not served by microfinance institutions.

## Conclusion

Local Economic Development Agencies associated in the ILS LEDA international network are special public-private structures that support inclusive and sustainable local economic development. So far, 71 LEDAs of this type exist in Latin America, Africa, the Middle East, the Balkans, and Asia. The first one was established in 1991 in Nicaragua, and since then continuously other ones have been created, stimulated by the previous examples, including the most recent one established this year in Haiti.

The LEDAs participated in the KIP Pavilion activities at EXPO Milan 2015 introducing, sharing, and disseminating 101 “best practices for a better world”. These best practices showed how, at local level, bottom-up actions for making territories more attractive are possible, improving governance (18 practices), food (30), environment (20), social inclusion and job creation (10), gender orientated actions (7), finance (9), and innovative technologies (7).

In this framework, the LEDAs shared their innovative practices for reinforcing territorial partnerships and a more balanced relationship with national government; for improving the quality of life, either through healthy food (organic, traditional, food control), or protecting the environment (alternative energy, waste management, eco-tourism, water management, culture heritage); for favouring social inclusion of the most disadvantaged and vulnerable people through special strategies, jobs-for-young projects, support to the diaspora, creation of social enterprises and facilitating corporate social responsibility; for favouring gender-oriented actions and programs; and for creating new financial pro-poor and pro-micro business devices.

The main lesson learned is that at local level bottom-up actions for making the territories more attractive are possible, provided that an instrument such a LEDA exists and is devoted to the welfare of the community.

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